

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other				Local Unit Name Bark River Township		County Delta	
Fiscal Year End 03-31-07		Opinion Date 07-20-07		Date Audit Report Submitted to State 07-30-07			

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

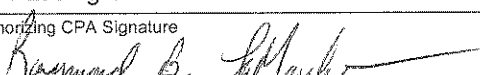
YES NO

**Check each applicable box below.** (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☒ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☒ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>		Enclosed	Not Required (enter a brief justification)	
Financial Statements		<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations		<input checked="" type="checkbox"/>		
Other (Describe)		<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC			Telephone Number 906-786-3111	
Street Address 901 Ludington Street			City Escanaba	State Mi
			Zip 49829	
Authorizing CPA Signature 		Printed Name Raymond B. LaMarche, CPA		License Number 1101025531

**TOWNSHIP OF BARK RIVER**

**BASIC FINANCIAL STATEMENTS**

For the Year Ended March 31, 2007

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**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA

## INDEPENDENT AUDITOR'S REPORT

Members of the Township Board  
Township of Bark River

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Bark River as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Bark River's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Township of Bark River as of March 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2007, on our consideration of the Township of Bark River's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison information on pages 3 through 9, and 29 through 34, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Bark River's basic financial statements. The combining nonmajor fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Anderson, Tackman & Company, PLC  
Certified Public Accountants

July 20, 2007

## **Management Discussion and Analysis**

## **MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of Bark River Township's financial performance provides an overview of the Township's financial activities for the year ended March 31, 2007. Please read it in conjunction with the Township's financial statements, which begin on page 10.

The Bark River Township's discussion and analysis is designed to: (a) assist the reader in focusing on significant financial issues; (b) provide an overview of the township's financial activity; (c) identify changes in the township's financial position (its ability to address the next and subsequent year challenges); (d) identify any material deviations from the approved budget; and (e) identify any issues or concerns.

### **FINANCIAL HIGHLIGHTS**

- Net assets for the Township were reported at \$ 1,263,462.
- The Township's expenses for the year totaled \$291,968, while revenues from all sources totaled \$434,295, resulting in an increase in net assets of \$142,327.
- The General Fund reported an increase in fund balance of \$76,012 compared to a decrease of \$53,479 in 2006. This was after revenues of \$271,090 compared to \$229,025 in 2006, and expenditures of \$274,473 compared to \$279,759 in 2006.
- The Township reported a new fund in 2007; the Sewer Construction Fund. This fund reports the activities surrounding the construction of a sewer system for the Township's residents. Total revenues were \$84,920 entirely from a state grant, while expenditures were \$266,614. The township also received loan proceeds of \$240,000 for sewer construction. A transfer was made from the Sewer Construction Fund to the General Fund to cover project costs which were paid for by General Fund.
- The Township also established a Sewer fund (a proprietary/business-type activity) which will record all of the debt and capital assets of the project and when the system is up and running, will also account for revenue collected from users of the system as well as expenses incurred for operating the system.

### **USING THIS REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and Statement of Activities (on pages 10 and 11) provide information about the activities of the Township as a whole and present a longer term view of the Township's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The remaining statement provides financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the Township.



## **MANAGEMENT DISCUSSION AND ANALYSIS (continued):**

### **Reporting the Township as a whole**

#### **Statement of Net Assets and the Statement of Activities**

Our analysis of the Township as a whole begins on page 6. One of the most important questions asked about the Township's finances; "Is the Township as a whole better off or in worse condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Township as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Township's net assets and changes in them. You can think of the Township's net assets- the difference between assets and liabilities- as one way to measure the Township's financial health, or *financial position*. Over time, *increases or decreases* in the Township's net assets are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Township's property tax base to assess the *overall financial health* of the Township.

In the Statement of Net Assets and the Statement of Activities, we represent the Township into two categories of activity:

- Governmental activities - All of the Township's basic services are reported here including legislative, public safety, recreation & culture, and general government as well as special capital projects. Property taxes, federal grants, and state shared revenues make up the majority of revenue for these activities.
- Business-type activities – The Township will charge a fee to customers to cover the costs of providing sewer services to its residents. The sewer services is the only activity reported.

### **Reporting the Township's Most Significant Funds**

#### **Fund Financial Statements**

Our analysis of the Township's major funds begins on page 8. The fund financial statements begin on page 12 and provide detailed information on the most significant funds - not the Township as a whole. Some funds are required to be established by State law, and by bond covenants. However, the Township Board of Trustees may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal requirements for certain taxes, grants, and other money.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued):

- *Governmental funds* - All of the Township's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the Township's general government operations and the basic services it provides. Governmental fund information helps you to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.
- *Proprietary funds* – When the Township charges customers for the services it provides – whether to outside customers or to other units of the Township – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the Township's enterprise fund (a component of proprietary funds) is the same as the business-type activities that we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds.

### The Township as a Trustee

The Township is the trustee, or *fiduciary*, for tax receipts and other collections, which are collected for other agencies and held for a periodic payment to those agencies. We exclude these funds from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets in these funds are used for their intended purpose.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued):

### The Township as a Whole

The Township's net assets increased by \$142,327.

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Assets:				
Current and other assets	\$ 330,940	\$ 289,101	\$ -	\$ -
Capital assets (net)	1,324,860	1,307,796	266,273	-
Total Assets	<u>1,655,800</u>	<u>1,596,897</u>	<u>266,273</u>	<u>-</u>
Liabilities:				
Current liabilities	36,811	39,708	240,000	-
Long-term debt outstanding	381,800	436,054	-	-
Total Liabilities	<u>418,611</u>	<u>475,762</u>	<u>240,000</u>	<u>-</u>
Net Assets:				
Invested in capital assets, net of related debt	922,296	871,742	26,273	-
Restricted	67,504	85,698	-	-
Unrestricted	247,389	163,695	-	-
Total Net Assets	<u>\$ 1,237,189</u>	<u>\$ 1,121,135</u>	<u>\$ 26,273</u>	<u>\$ -</u>

Net assets of the Township's governmental activities stood at \$1,237,189 in 2007, up 10% from 2006 of \$1,121,135. Unrestricted net assets, the part of net assets that could be used to finance the day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements stood at \$247,389 and \$163,695 in 2007 and 2006, respectively.

**MANAGEMENT DISCUSSION AND ANALYSIS (continued):**

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Revenues:				
Program Revenues:				
Charges for services	\$ 40,960	\$ 36,187	\$ -	\$ -
Capital grants and contributions	105,295	-	26,273	-
General Revenues:				
Property taxes	76,771	81,021	-	-
Grants and contributions	55,230	82,582	-	-
Other	11,823	8,565	-	-
State revenue sharing	117,943	120,888	-	-
Total Revenues	<u>408,022</u>	<u>329,243</u>	<u>26,273</u>	<u>-</u>
Program Expenses:				
Legislative	25,332	29,528	-	-
General government	108,125	113,026	-	-
Public safety	59,398	60,219	-	-
Public works	27,806	77,474	-	-
Recreation and culture	19,425	23,736	-	-
Interest	24,515	21,440	-	-
Other	27,367	28,280	-	-
Total Expenses	<u>291,968</u>	<u>353,703</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	116,054	(24,460)	26,273	-
Net assets - beginning	<u>1,121,135</u>	<u>1,145,595</u>	<u>-</u>	<u>-</u>
Net assets - ending	<u>\$ 1,237,189</u>	<u>\$ 1,121,135</u>	<u>\$ 26,273</u>	<u>\$ -</u>

**Governmental Activities**

Revenues for the Township's governmental activities totaled \$408,022, while expenses were \$291,968. The excess of revenues over expenditures was \$116,054 and is primarily due to capital contributions received for the sewer project. Table three below reflects the cost of each of the Township's five largest activities; General government, Public safety, Public works, and Recreation and culture, and other, as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the taxpayers.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued):

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
General government	\$ 108,125	\$ 113,026	\$ 70,572	\$ 64,084
Public safety	59,398	60,219	16,138	21,226
Public works	27,806	77,474	(34,229)	51,463
Recreation and culture	19,425	23,736	19,425	18,913
Other	27,686	28,280	24,279	28,280
Totals	<u>\$ 242,440</u>	<u>\$ 302,735</u>	<u>\$ 96,185</u>	<u>\$ 183,966</u>

## THE TOWNSHIP'S FUNDS

The focus of the governmental funds of the Township is to provide information on near-term inflows, outflows and balances in spendable resources. The fund information is useful to determine short-term financing requirements and can be used to measure the Township's net resources available for spending at the end of the fiscal year.

For the current fiscal year the Township's governmental funds reported total fund balance of \$326,489, of which \$241,846 is unreserved. This total fund balance is an increase of \$86,793 from the 2006 total fund balance of \$239,696 and is primarily due to the increase of federal grants and loans received, as the sewer project was initiated during the year ended March 31, 2007.

### General Fund Budgetary Highlights

Over the course of the year, the budget was amended several times. These amendments were made to recognize changes to revenue or expenditures. The final budget projected a decrease in fund balance in the amount of \$64,300, while the actual results showed an increase to fund balance of \$76,012.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At fiscal year ended March 31, 2007, the Township had \$1,591,133, net of accumulated depreciation, invested in a variety of capital assets including land and improvements, buildings and improvements, equipment and furniture, vehicles, and construction in progress. The increase in total capital assets, net of accumulated depreciation, from the 2006 total of \$1,307,796 is due primarily to expenditures incurred in construction of the sewer system, land improvement to the baseball field and the purchase of fire safety equipment. (See table 4 below):

## MANAGEMENT DISCUSSION AND ANALYSIS (continued):

**Table 4**  
**Capital Assets at Year-End**  
**(Net of accumulated depreciation)**

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Land and improvements	\$ 50,795	\$ 29,300	\$ -	\$ -
Buildings and improvements	851,971	875,437	-	-
Machinery and equipment	422,094	403,059	-	-
Construction in progress	-	-	266,273	-
Total	<u>\$ 1,324,860</u>	<u>\$ 1,307,796</u>	<u>\$ 266,273</u>	<u>\$ -</u>

### DEBT

As of March 31, 2007 the Township had \$642,564 in notes, bonds, and loans outstanding. The Township made principal payments on long-term debt totaling \$33,490. The Township also borrowed \$240,000 for short term financing related to the sewer project which is recorded under business-type activities.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Township Board and Township management will consider many factors when setting the fiscal year budget, tax rates and fees that will be charged for services. We expect to begin on the construction of our sewer system in fiscal year 2008, with the financing of the project in place, the anticipated completion date of the project is expected to be in fiscal year 2009.

### CONTACTING THE TOWNSHIP'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers and customers, as well as investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the revenues it receives. If you have questions about this report or need additional information, contact the Township Supervisor at the Bark River Township Hall, 5849 D Road, Bark River, MI 49807.

## **Basic Financial Statements**

**TOWNSHIP OF BARK RIVER  
STATEMENT OF NET ASSETS**

**March 31, 2007**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents			
Unrestricted	\$ 263,635	\$ -	\$ 263,635
Restricted	40,628	-	40,628
Taxes Receivable	7,174	-	7,174
Due from State	18,838	-	18,838
Miscellaneous accounts receivable	665	-	665
Total current assets	<u>330,940</u>	<u>-</u>	<u>330,940</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>1,324,860</u>	<u>266,273</u>	<u>1,591,133</u>
Total assets	<u>\$ 1,655,800</u>	<u>\$ 266,273</u>	<u>\$ 1,922,073</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 4,451	\$ -	\$ 4,451
Accrued interest expense	11,596	-	11,596
Long-term liabilities due within one year:			
Notes payable	13,764	240,000	253,764
Loan payable	<u>7,000</u>	<u>-</u>	<u>7,000</u>
	<u>36,811</u>	<u>240,000</u>	<u>276,811</u>
Long-term liabilities:			
Notes payable	115,500	-	115,500
Loan payable	<u>266,300</u>	<u>-</u>	<u>266,300</u>
Total long-term liabilities	<u>381,800</u>	<u>-</u>	<u>381,800</u>
Total liabilities	<u>418,611</u>	<u>240,000</u>	<u>658,611</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	922,296	26,273	948,569
Restricted for:			
Nonexpendable - Cemetery	38,915	-	38,915
Expendable:			
Debt service	28,589	-	28,589
Unrestricted	<u>247,389</u>	<u>-</u>	<u>247,389</u>
Total net assets	<u>1,237,189</u>	<u>26,273</u>	<u>1,263,462</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,655,800</u>	<u>\$ 266,273</u>	<u>\$ 1,922,073</u>

See accompanying notes to financial statements.



**TOWNSHIP OF BARK RIVER**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2007**

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
	Primary Government			Primary Government		
	Expenses	Fees, Fines and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Functions/Programs</b>						
<b>Primary government:</b>						
Governmental activities:						
Legislative	\$ 25,013	\$ -	\$ -	\$ (25,013)	\$ -	\$ (25,013)
General government	108,125	37,553	-	(70,572)	-	(70,572)
Public safety	59,398	-	43,260	(16,138)	-	(16,138)
Public works	27,806	-	62,035	34,229	-	34,229
Recreation and culture	19,425	-	-	(19,425)	-	(19,425)
Interest	24,515	-	-	(24,515)	-	(24,515)
Other	27,686	3,407	-	(24,279)	-	(24,279)
Total governmental activities	\$ 291,968	\$ 40,960	\$ 105,295	\$ (145,713)	\$ -	\$ (145,713)
Business-type activities:						
Sewer fund	-	-	26,273	-	26,273	26,273
Total primary government	\$ 291,968	\$ 40,960	\$ 131,568	\$ (145,713)	\$ 26,273	\$ (119,440)
General revenues:						
Interest Income				4,327	-	4,327
Property taxes				76,771	-	76,771
State revenue sharing				117,943	-	117,943
Grants and contributions not restricted to specific programs				55,230	-	55,230
Contributions to permanent fund principal				600	-	600
Other Revenue				6,896	-	6,896
Total general revenues				261,767	-	261,767
Change in net assets				116,054	26,273	142,327
Net assets, beginning				1,121,135	-	1,121,135
Net assets, ending				\$ 1,237,189	\$ 26,273	\$ 1,263,462

See accompanying notes to financial statements

**TOWNSHIP OF BARK RIVER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
March 31, 2007**

	Major Funds							Total Governmental Funds
	General Fund	Chip -In Casino Fund	Fire Hall Tax Fund	Sewer Construction Fund	Fire Equipment Fund	Perpetual Care Fund	Nonmajor Governmental Funds	
<b>ASSETS</b>								
Cash and equivalents:								
Unrestricted	\$ 121,901	\$ 33,268	\$ 26,477	\$ 6,916	\$ 34,355	\$ -	\$ 40,718	\$ 263,635
Restricted	-	-	-	-	-	40,628	-	40,628
Taxes receivable	5,062	-	2,112	-	-	-	-	7,174
Due from other governmental units	18,838	-	-	-	-	-	-	18,838
Miscellaneous accounts receivable	665	-	-	-	-	-	-	665
Total assets	<u>\$ 146,466</u>	<u>\$ 33,268</u>	<u>\$ 28,589</u>	<u>\$ 6,916</u>	<u>\$ 34,355</u>	<u>\$ 40,628</u>	<u>\$ 40,718</u>	<u>\$ 330,940</u>
<b>LIABILITIES</b>								
Accounts payable	\$ 4,451	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,451
<b>FUND BALANCES</b>								
Reserved for:								
Cemetery perpetual care	-	-	-	-	-	40,628	-	40,628
Debt service	-	-	28,589	-	-	-	-	28,589
Road maintenance	-	-	-	-	-	-	9,174	9,174
Public safety	-	-	-	-	-	-	6,252	6,252
Unreserved	142,015	33,268	-	6,916	34,355	-	-	216,554
Unreserved, reported in non-major:								
Special revenue funds	-	-	-	-	-	-	25,292	25,292
Total fund balances	<u>142,015</u>	<u>33,268</u>	<u>28,589</u>	<u>6,916</u>	<u>34,355</u>	<u>40,628</u>	<u>40,718</u>	<u>326,489</u>
Total liabilities and fund balance	<u>\$ 146,466</u>	<u>\$ 33,268</u>	<u>\$ 28,589</u>	<u>\$ 6,916</u>	<u>\$ 34,355</u>	<u>\$ 40,628</u>	<u>\$ 40,718</u>	<u>\$ 330,940</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**March 31, 2007**

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Total fund balances for governmental funds	\$ 326,489
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Total net assets reported for governmental activities in the statement of net assets  
is different because:

Capital assets used in governmental activities are not financial resources and  
therefore are not reported in the funds. Those assets consist of:

Land and land improvements	76,536	
Buildings and improvements	1,082,708	
Machinery and equipment	580,390	
Accumulated depreciation	<u>(414,774)</u>	
Total capital assets		1,324,860

Long-term liabilities applicable to the Township's governmental activities are not  
due and payable in the current period and accordingly are not reported as  
fund liabilities. Interest on long-term debt is not accrued in governmental  
funds, but rather is recognized as an expenditure when due. All liabilities,  
both current and long-term, are reported in the statement of net assets.

Notes payable	(129,264)
Loan payable	(273,300)
Accrued interest on long-term debt	<u>(11,596)</u>

Total net assets of governmental activities	<u><u>\$ 1,237,189</u></u>
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See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended March 31, 2007**

	General Fund	Chip -In Casino Fund	Fire Hall Tax Fund	Sewer Construct. Fund	Fire Equipment Fund	Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ 66,926	\$ -	\$ 26,771	\$ -	\$ -	\$ -	\$ -	\$ 93,697
State sources	117,943	-	-	84,920	-	-	-	202,863
Federal grants	43,260	-	-	-	-	-	-	43,260
Local sources	6,896	55,230	-	-	-	-	3,458	65,584
Charges for services	850	-	-	-	-	600	4,825	6,275
Interest and rentals	31,808	766	-	-	1,339	1,309	913	36,135
Other	3,407	-	-	-	-	-	-	3,407
Total revenues	271,090	55,996	26,771	84,920	1,339	1,909	9,196	451,221
<b>EXPENDITURES:</b>								
Legislative	25,013	-	-	-	-	-	-	25,013
General government	85,022	-	-	-	-	-	6,772	91,794
Public safety	-	-	-	-	-	-	22,130	22,130
Public works	27,806	-	-	-	-	-	-	27,806
Recreation and cultural	13,656	-	-	-	-	-	-	13,656
Capital outlay	76,431	-	-	266,273	-	-	-	342,704
Debt service:								
Principal	12,490	-	21,000	-	-	-	-	33,490
Interest	6,710	-	13,439	-	-	-	-	20,149
Other	27,345	-	-	341	-	-	-	27,686
Total expenditures	274,473	-	34,439	266,614	-	-	28,902	604,428
Excess revenues (expenditures)	(3,383)	55,996	(7,668)	(181,694)	1,339	1,909	(19,706)	(153,207)
<b>OTHER FINANCING SOURCES (USES):</b>								
Loan Proceeds	-	-	-	240,000	-	-	-	240,000
Operating transfer in	97,095	-	-	6,200	-	-	23,202	126,497
Operating transfer out	(17,700)	(51,207)	-	(57,590)	-	-	-	(126,497)
Total other financing sources	79,395	(51,207)	-	188,610	-	-	23,202	240,000
Net change in fund balance	76,012	4,789	(7,668)	6,916	1,339	1,909	3,496	86,793
Fund balances - beginning of year	66,003	28,479	36,257	-	33,016	38,719	37,222	239,696
Fund balances - end of year	\$ 142,015	\$ 33,268	\$ 28,589	\$ 6,916	\$ 34,355	\$ 40,628	\$ 40,718	\$ 326,489

See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended March 31, 2007**

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Net changes in fund balances - total governmental funds	\$ 86,793
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$76,430) exceeded depreciation expense (\$59,367).	17,063
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Assets.	
Principal repayments:	
Note principal	33,490
Net change in deferred revenue which was recognized as revenue in the prior year in the statement of activities.	(16,926)
Interest on long-term debt is not recognized under modified accrual basis of accounting until due. Net change in interest accrual is:	(4,366)
Receipt of a Bond Anticipation note from Northern Michigan Bank is included as revenue in the governmental funds, but is recorded as a liability on the Statement of Net Assets under business-type activities.	
Proceeds from loan:	
Loan payable	(240,000)
Amounts reported as an expenditure in the governmental funds, but were reported as capital contributions in the Statement of Activities under business-type activities.	(26,273)
Amounts reported as capital outlay in the governmental funds, but were capitalized in the Statement of Net Assets under business-type activities for the sewer project.	<u>266,273</u>
Changes in net assets of governmental activities	<u>\$ 116,054</u>

See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
March 31, 2007**

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	<u>Sewer Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	
Unrestricted	\$ -
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>266,273</u>
Total assets	<u><u>\$ 266,273</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Note payable	\$ 240,000
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	26,273
Unrestricted	<u>-</u>
Total net assets	<u>26,273</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 266,273</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended March 31, 2007**

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	<u>Sewer Fund</u>
<b>OPERATING REVENUES:</b>	
Charges for services	\$ -
Rental and interest income	<u>-</u>
Total operating revenue	<u>-</u>
<b>OPERATING EXPENSES:</b>	
Supplies	<u>-</u>
Operating income (loss)	<u>-</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Capital contributions	<u>26,273</u>
Change in net assets	26,273
Total net assets - beginning	<u>-</u>
Total net assets - ending	<u><u>\$ 26,273</u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the Year Ended March 31, 2007**

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	<u>Sewer Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of capital assets	(266,273)
Capital contributions	26,273
Proceeds from the issuance of debt instruments	<u>240,000</u>
Net cash provided (used) by capital and related financing activities	<u>-</u>
Net increase (decrease) in cash and equivalents	-
Cash and equivalents, beginning of year	<u>-</u>
Cash and equivalents, end of year	<u><u>\$ -</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>	
Operating income (loss)	<u>\$ -</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Changes in assets and liabilities	<u><u>\$ -</u></u>

See accompanying notes to financial statements.



## **Notes to Financial Statements**

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township's Statement of Net Assets includes the accounts and funds of all Township operations. The Township was organized under the provisions of the Michigan constitution. The Township is operated under a commission form of government and provides services in the following areas: roads, public improvements, fire safety, sewer system and general administrative services.

The accounts of the Township have been maintained in accordance with the balanced fund principles of accounting for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared in accordance with GASB Statement 34, *Basic Financial Statements and management's Discussion and Analysis*. GASB 34 significantly changes financial reporting for governmental agencies by adding government-wide financial statements, and management's discussion and analysis. The following is a summary of the more significant policies and financial reporting descriptions:

- (1) Government-Wide Financial Statements - The Statement of Net Assets and Statement of Activities display information about the Township as a whole. They include all funds of the Township except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods or services provided by a given function and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Fund Accounting – The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the Township are considered major if it meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Township reports the following as major governmental funds in accordance with the above criteria:

General Fund – as described below;

Sewer Construction Fund – this fund accounts for the expenditures required to construct the Township's sewer system and to account for the federal revenues received in constructing this system.

Chip-In Casino Fund – this fund is used to account for grant funds received from the casino located in the Township.

Fire Hall Tax Fund – this fund is used to account for the accumulation of cash resources for debt retirement and for the payment of principle and interest on long-term debt not paid through the General Fund.

Fire Equipment Fund – this fund is used to account for resources set aside by the Township Board for fire equipment acquisitions, including debt service on related debt.

Cemetery Perpetual Care Fund – as described below under permanent funds.

The funds of the Township are described below:

**GOVERNMENTAL FUNDS**

General Fund – The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Project Funds – Capital Project Funds are used to account for the expenditures relating to acquiring specific capital assets and the revenues that are received to fund that project.

Permanent Funds – Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support activities that benefit the Township's citizens. The only permanent fund maintained by the Township is the Cemetery Trust Fund (Perpetual Care), which is reported on as a major fund.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPRIETARY FUNDS**

Enterprise Funds – Enterprise funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. Operating revenues and expenses for proprietary funds is defined as those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

**FIDUCIARY FUNDS**

Trust and Agency Funds – Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Trust and Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operation. The Township's fiduciary funds are both agency funds, the Current Tax Collection Fund and the Trust and Agency Fund. The agency funds had no assets or liabilities as of March 31, 2007.

- (2) Basis of Accounting – Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting which also include the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year in which they are levied.

Governmental fund financial statements are reported using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. For this purpose, the Township considers revenue to be available if they are collected within 60 days of the end of the current fiscal period. State shared revenues, charges for services and interest earnings are accrued since they are measurable and available. Revenues from federal and state grants received as reimbursements for specific purposes of projects are recognized when the expenditure is incurred. When both general purpose and restricted revenues are available for use, it is the Township's policy to use restricted resources first.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recognized when due.

As allowed by GASB Statement No. 20, the Township has elected not to apply the FASB statements and interpretations issued after November 30, 1989 to its business-type activities and proprietary funds.

- (3) Budgets and Budgetary Accounting – The Township prepares and adopts budgets on a cash basis. Unexpended appropriations lapse at the end of the fiscal year. The Township's General Fund expenditure budget is adopted at the activity level. The Township also adopts special revenue and debt service fund budgets, which adopt expenditures at the account level. The Township Supervisor is responsible for the preparation and monitoring of the budget. The Township Board is responsible for the approval of the original budgets and any subsequent amendments.
- (4) Property Taxes – The Township's annual property tax on real and personal property within the Township is levied on December 1, and is based on the taxable valuation of property as of the preceding December 31. In addition to collecting their own taxes, the Township also acts as collection agent for all over-lapping governments in the Township. The Township's portion of the tax is collected between December 1 and February 28. Delinquent real property taxes are subsequently turned over to the County which maintains a tax revolving fund which permits the County to pay the Township 100% of the delinquent real taxes within approximately two or three months after the delinquency date of February 28.

The Township generally recognizes property taxes as revenue in the year the taxes are levied. The Township considers payments received from the County Treasurer as part of the tax settlement as available if they are received within 90 days of the Township's fiscal year end. For the current year the Township levied 1.7001 mills for general operating purposes and .8 mills for debt service.

- (5) Cash and Cash Equivalents – The Township's cash and cash equivalents as reported in the Statement of Net Assets and that Statement of Cash Flows are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less or where there is no loss of principal upon early withdrawal.
- (6) Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Township has not recorded an allowance for uncollectibles as the Township does not anticipate any material uncollectible accounts.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- (7) Capital Assets – Capital assets, which include property, buildings, equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the Township's assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The Township has elected not to report, nor is it required to report, its major general infrastructure assets per GASB Statement No. 34.

Types of property generally not recorded as capital assets would include certain office furniture and equipment, and various fire services equipment and turn-out gear. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following useful lives:

- |                             |                |
|-----------------------------|----------------|
| • Buildings                 | 7 to 50 years  |
| • Fire Vehicles             | 15 to 20 years |
| • Equipment and Furnishings | 10 to 15 years |

Capital assets are recorded as an asset and depreciated for the government-wide financial statements but are not recorded in the governmental fund financial statements. The acquisition of capital assets is reported as an expenditure in the governmental fund financial statements when acquired.

- (8) Other Financing Sources (Uses) – The transfers of cash between the various Township funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless the represent temporary advances that are to be repaid, in which case, that are carried as assets and liabilities of the advancing or borrowing funds as due to or due from other funds. The purpose of the operating transfers is to cover operating expenses of a particular fund.
- (9) Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B – CASH AND EQUIVALENTS**

Michigan statutes authorize the Township to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposit, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE B – CASH AND EQUIVALENTS**

Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

Cash and cash equivalents consist solely of checking and saving account deposits, and CD's.

The composition of cash and equivalents as reported on the Statement of Net Assets for the Township are presented below:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Deposits:		
Insured (FDIC)	\$ 200,000	\$ 200,000
Uninsured	<u>104,263</u>	<u>105,837</u>
 Total of Cash and Equivalents	 <u><u>\$ 304,263</u></u>	 <u><u>\$ 305,837</u></u>
 Government-Wide Statement of Net Assets presentation:		
Cash and equivalents:		
Unrestricted	\$ 263,635	
Restricted	<u>40,628</u>	
	<u><u>\$ 304,263</u></u>	

*Interest Rate Risk.* The Township carries no significant interest rate risk as all of its holdings are in bank accounts with a high degree of liquidity.

*Credit Risk.* State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations with a maximum maturity of 270 days. The Township has no investments in commercial paper.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the Township's deposits may not be returned. At March 31, 2007, the Township held \$305,837 in deposits with financial institutions, in which \$105,837 was uninsured and uncollateralized. Although such deposits exceed federally insured limits, they are in the opinion of management, subject to minimal risk.

*Concentration of Credit Risk.* The Township has no significant concentration of credit risk due to the fact that its deposits are with area banks.

*Foreign Currency Risk.* The Township has no foreign currency risk as it has no deposits or investments in foreign currency.

The Township's investment policy requires that the Township invest excess monies in interest bearing accounts or certificates of federally insured banks located in the State of Michigan and is in compliance with statutory requirements established by the State. However, the Townships investment policy does not address any of the above risks.

**NOTE C – RESTRICTED CASH**

Total restricted cash for the Township at March 31, 2007 is \$40,628 which is for cemetery perpetual care.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

**NOTE D – INTERFUND TRANSFERS**

Interfund transfers for the year ended March 31, 2007 are as follows:

Fund	Transfer In	Fund	Transfer Out
Non-major funds	\$ 23,202	General Fund	\$ 17,700
		Chip-In Casino	5,502
General Fund	97,095	Chip-In Casino	39,505
		Sewer Construction	57,590
Sewer Construction	6,200	Chip-In Casino	6,200
	<u>\$ 126,497</u>		<u>\$ 126,497</u>

**NOTE E – CAPITAL ASSETS**

Capital asset activity for the year ended March 31, 2007, is as for:

	Balance at 04/01/06	Additions	Disposals	Balance at 03/31/07
Governmental activities:				
Assets not subject to depreciation:				
Land	\$ 29,300	\$ -	\$ -	\$ 29,300
Assets subject to depreciation:				
Land improvements	25,000	22,236	-	47,236
Buildings and improvements	1,082,708	-	-	1,082,708
Machinery and equipment	526,196	54,194	-	580,390
Total assets subject to depreciation	1,633,904	76,430	-	\$ 1,710,334
Total capital assets	1,663,204	76,430	-	\$ 1,739,634
Less accumulated depreciation:				
Land improvements	25,000	741	-	25,741
Buildings and improvements	207,271	23,466	-	230,737
Machinery and equipment	123,136	35,160	-	158,296
Total accumulated depreciation	355,407	59,367	-	\$ 414,774
Net governmental activities capital assets	<u>\$ 1,307,797</u>	<u>\$ 17,063</u>	<u>-</u>	<u>\$ 1,324,860</u>
Business-type activities:				
Assets not subject to depreciation:				
Construction in progress	\$ -	\$ 266,273	\$ -	\$ 266,273



**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

**NOTE E – CAPITAL ASSETS (Continued)**

Depreciation expense was charged to the governmental activities as follows:

General government	\$ 16,330
Public safety	37,268
Recreation and culture	<u>5,769</u>
 Total governmental activities depreciation expense	 <u><u>\$ 59,367</u></u>

**NOTE F – LONG-TERM DEBT**

Long-term debt in the government-wide financial statements consists of bonds and notes payable. A summary of changes in these long-term debt amounts is as follows for the year ended March 31, 2007:

	Balance 4/1/2006	Additions	Retirements	Balance 3/31/2007	Amounts Due Within One Year
Governmental activities:					
Fire Hall Bond	\$ 294,300	\$ -	\$ 21,000	\$ 273,300	\$ 7,000
Fire Truck Installment Note	132,500	-	8,000	124,500	9,000
Installment Contract	<u>9,254</u>	<u>-</u>	<u>4,490</u>	<u>4,764</u>	<u>4,764</u>
	<u><u>\$ 436,054</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,490</u></u>	<u><u>\$ 402,564</u></u>	<u><u>\$ 20,764</u></u>
Business-type activities:					
Bond Anticipation Note	<u><u>\$ -</u></u>	<u><u>\$ 240,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 240,000</u></u>	<u><u>\$ 240,000</u></u>

Bonded debt proceeds were used for the construction of a new fire hall. The unlimited tax general obligation bonded debt is held by the federal government and requires semi-annual interest payments at 4.75% and principal payments on an annual basis. An additional principal payment was made of \$15,000. This amount reduced the final principal payment on the schedule below.

The installment note proceeds were used for the purchase of fire equipment. The limited tax general obligation notes are held by the federal government and require semi-annual interest payments at a rate of 4.625% and principal payments on an annual basis.

The installment purchase contract was used to acquire equipment and requires annual payments, including interest with an imputed interest rate of 6%.

In fiscal year 2007, the Township borrowed \$240,000 to cover engineering and other related costs associated with the sewer project until such time the Township receives its loan and grant proceeds from the United States Department of Agriculture, which will be used to payoff the \$240,000 borrowing. The interest rate is 5.1% with the principal and interest due in November 2007.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE F – LONG-TERM DEBT (Continued)**

Principal and interest payments expected to be made through maturity on the bonds and notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Governmental activities:			
Year ended March 31, 2008	\$ 20,764	\$ 18,873	\$ 39,637
Year ended March 31, 2009	17,000	17,825	34,825
Year ended March 31, 2010	18,000	17,042	35,042
Year ended March 31, 2011	18,500	16,164	34,664
Year ended March 31, 2012	18,500	15,298	33,798
Five years ended March 31, 2017	109,500	62,212	171,712
Five years ended March 31, 2022	76,000	37,864	113,864
Five years ended March 31, 2027	83,000	19,998	102,998
Five years ended March 31, 2031	41,300	2,149	43,449
	<u>\$ 402,564</u>	<u>\$ 207,425</u>	<u>\$ 609,989</u>
Business-type activities:			
Year ended March 31, 2008	<u>\$ 240,000</u>	<u>\$ 13,051</u>	<u>\$ 253,051</u>

**NOTE G – PENSION PLAN**

The Township maintains two defined contribution plans which cover substantially all non-seasonal employees meeting the minimum participation age of 18. The plan covering general township employees requires annual contributions at 8% of gross earnings. The second plan covers Board Trustees and firemen and requires contributions as 25% of gross earnings. Contributions are funded annually based on plan years beginning July 1 and ending June 30. Total contributions paid in the current year were \$5,200.

The Township also maintains a salary deferral plan which permits officers and certain employees to defer salary under section 457 of the Internal Revenue Code. Total deferrals for the years ended March 31, 2007 were \$4,296.

**NOTE H – RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The township's principal resource used to manage these risks is through the purchase of commercial property and liability insurance policies. As of March 31, 2007, the Township had no outstanding claims which exceeded the coverage limits and there has been no significant reduction in insurance coverage over the past three years.

**NOTE I – COMMITMENTS**

The Township has committed to a sewer construction project at an estimated amount of \$4,597,000. The funding for this project has been approved by the United States Department of Agriculture in the following amounts; U.S.D.A. loan for \$1,132,000; U.S.D.A. grant for \$2,465,000. Additional funds for the project have been committed from a Clean Michigan Initiative Clean Water Grant in the amount of \$1,000,000. The Township expects to begin construction on the project in fiscal year 2008.

**TOWNSHIP OF BARK RIVER**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2007**

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**NOTE J – BUDGET NONCOMPLIANCE**

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for the General Fund and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

The following funds had an excess of expenditures and other uses over appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Chip-In Casino Fund	\$ -	\$ 51,207	\$ (51,207)
Fire Hall Tax Fund	30,000	34,439	(4,439)

**NOTE K – FUND EQUITY RESERVES**

Fund equity has been reserved for the following purposes:

- (1) In the Fire Hall Tax Fund, fund balance has been reserved in the amount of \$28,589 for debt service.
- (2) In the Cemetery Perpetual Care Fund, fund balance has been reserved in the amount of \$40,268 for care of the cemetery.
- (3) In the Road Fund, fund balance has been reserved in the amount of \$9,174 for future road maintenance.
- (4) In the Liquor Law Enforcement Fund, fund balance has been reserved in the amount of \$6,252 for law enforcement activities.

**NOTE L – RESTRICTED NET ASSETS**

Total net assets which is restricted by enabling legislation amounted to \$67,504 for governmental activities.

## **Required Supplemental Information**

**TOWNSHIP OF BARK RIVER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended March 31, 2007**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 58,700	\$ 58,700	\$ 66,926	\$ 8,226
State sources	120,000	120,000	117,943	(2,057)
Federal grants	-	-	43,260	43,260
Local sources	-	-	6,896	6,896
Charges for services	500	500	850	350
Interest and rentals	30,500	30,500	31,808	1,308
Other	-	-	3,407	3,407
Total revenues	209,700	209,700	271,090	\$ 61,390
<b>EXPENDITURES:</b>				
Legislative:				
Board of commissioners	40,000	40,000	25,013	14,987
General government:				
Supervisor	13,000	13,000	12,536	464
Clerk	12,000	12,000	11,456	544
Treasurer	12,000	12,000	11,389	611
Elections	1,500	2,500	2,304	196
Board of review	1,500	1,500	939	561
Assessor	7,000	7,000	5,548	1,452
Cemetery	3,000	3,000	-	3,000
Planning and Zoning	2,000	2,000	1,562	
Senior Center	50,000	50,000	39,288	10,712
Public works:				
Street lighting	12,000	12,000	9,879	2,121
Roads	30,000	30,000	12,041	17,959
Sewer study	10,000	10,000	5,886	4,114
Recreation and culture:				
Recreation and parks	30,000	42,000	13,656	28,344
Capital Outlay				
General	-	-	11,236	(11,236)
Parks & Recreation	-	-	22,236	(22,236)
Fire department	28,000	58,000	42,959	15,041
Debt service:				
Principal & Interest	14,000	14,000	19,200	(5,200)
Other:				
Employee benefits	5,500	5,500	5,200	300
Insurance & bonds	24,000	24,000	21,827	2,173
Social Security	500	500	318	182
Total expenditures	296,000	339,000	274,473	64,527
Excess revenues (expenditures)	(86,300)	(129,300)	(3,383)	125,917
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other Funds	-	-	17,700	(17,700)
Transfers from Other Funds	45,000	65,000	97,095	32,095
Net change in fund balance	(41,300)	(64,300)	76,012	140,312
Fund balances - beginning	66,003	66,003	66,003	-
Fund balances - ending	\$ 24,703	\$ 1,703	\$ 142,015	\$ 140,312

**TOWNSHIP OF BARK RIVER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**CHIP-IN CASINO FUND**  
**For the Year Ended March 31, 2007**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
<b>REVENUES:</b>				
Local sources	\$ -	\$ -	\$ 55,230	\$ 55,230
Interest	-	-	766	766
Total revenues	-	-	55,996	\$ 55,996
<b>EXPENDITURES</b>	-	-	-	-
Excess revenues (expenditures)	-	-	55,996	55,996
<b>OTHER FINANCING SOURCES:</b>				
Operating transfer out	-	-	(51,207)	(51,207)
Net change in fund balance	-	-	4,789	4,789
Fund balances - beginning	-	-	28,479	28,479
Fund balances - ending	\$ -	\$ -	\$ 33,268	\$ (33,268)

**TOWNSHIP OF BARK RIVER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FIRE HALL TAX FUND**  
**For the Year Ended March 31, 2007**

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	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 23,172	\$ 23,172	\$ 26,771	\$ 3,599
<b>EXPENDITURES:</b>				
Debt service	21,000	30,000	34,439	(4,439)
Excess revenues (expenditures)	2,172	(6,828)	(7,668)	(840)
Fund balances - beginning	36,257	36,257	36,257	-
Fund balances - ending	\$ 38,429	\$ 29,429	\$ 28,589	\$ (840)

**TOWNSHIP OF BARK RIVER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SEWER CONSTRUCTION FUND**  
**For the Year Ended March 31, 2007**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
<b>REVENUES:</b>				
State Grants	\$ -	\$ -	\$ 84,920	\$ 84,920
<b>EXPENDITURES:</b>				
Salaries	-	-	241	(241)
Office Supplies	-	-	78	(78)
Attorney Fees	-	-	7,604	(7,604)
Other Legal	-	-	5,500	(5,500)
Miscellaneous	-	-	22	(22)
Sewer construction/engineering	-	-	253,169	(253,169)
Total Expenditures	-	-	266,614	(266,614)
Excess revenues (expenditures)	-	-	(181,694)	(181,694)
<b>OTHER FINANCING SOURCES (USES):</b>				
Loan Proceeds	-	-	240,000	240,000
Transfers from Other Funds	-	-	6,200	6,200
Transfers to Other Funds	-	-	(57,590)	(57,590)
Total other financing sources	-	-	188,610	188,610
Net change in fund balance	-	-	6,916	6,916
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 6,916	\$ 6,916



**TOWNSHIP OF BARK RIVER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**SPECIAL ASSESSMENT - FIRE EQUIPMENT**  
**For the Year Ended March 31, 2007**

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	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Interest	\$ -	\$ -	\$ 1,339	\$ 1,339
<b>EXPENDITURES</b>	-	-	-	-
Excess revenues (expenditures)	-	-	1,339	1,339
Fund balances - beginning	-	-	33,016	33,016
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,355</u>	<u>\$ 34,355</u>

**TOWNSHIP OF BARK RIVER**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PERPETUAL CARE FUND**  
**For the Year Ended March 31, 2007**

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	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
<b>REVENUES:</b>				
Charges for Services	\$ -	\$ -	\$ 600	\$ 600
Interest	-	-	1,309	1,309
Total revenues	-	-	1,909	1,909
<b>EXPENDITURES</b>	-	-	-	-
Excess revenues (expenditures)	-	-	1,909	1,909
Fund balances - beginning	-	-	38,719	38,719
Fund balances - ending	\$ -	\$ -	\$ 40,628	\$ 40,628

## **Other Supplemental Information**

**TOWNSHIP OF BARK RIVER**  
**NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET**  
**March 31, 2007**

						Total
	Road Fund	Fire Operations Fund	Cemetery Operations Fund	Liquor Law Enforcement Fund	Municipal Building Fund	
<b>ASSETS</b>						
Cash	\$ 9,174	\$ 477	\$ 498	\$ 6,252	\$ 24,317	\$ 40,718
<b>FUND BALANCES</b>						
Reserved for special purposes	\$ 9,174	\$ -	\$ -	\$ 6,252	\$ -	\$ 15,426
Unrestricted	-	477	498	-	24,317	25,292
	\$ 9,174	\$ 477	\$ 498	\$ 6,252	\$ 24,317	\$ 40,718

See accompanying notes to financial statements.

**TOWNSHIP OF BARK RIVER**  
**NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF**  
**REVENUES, EXPENDITURES, CHANGES IN FUND BALANCE**  
**March 31, 2007**

	Road Fund	Fire Operations Fund	Cemetery Operations Fund	Liquor Law Enforcement Fund	Municipal Building Fund	Total
<b>Revenues:</b>						
Charges for services	\$ -	\$ -	\$ 3,760	\$ 1,065	\$ -	\$ 4,825
Interest and rentals	-	-	-	55	858	913
Local sources	3,388	-	70	-	-	3,458
	<u>3,388</u>	<u>-</u>	<u>3,830</u>	<u>1,120</u>	<u>858</u>	<u>9,196</u>
<b>Expenditures:</b>						
General government	-	-	6,772	-	-	6,772
Public safety	-	19,935	-	2,195	-	22,130
	<u>-</u>	<u>19,935</u>	<u>6,772</u>	<u>2,195</u>	<u>-</u>	<u>28,902</u>
Excess of Revenues (Expenditures)	3,388	(19,935)	(2,942)	(1,075)	858	(19,706)
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	20,200	3,002	-	-	23,202
Net Change in Fund Balance	3,388	265	60	(1,075)	858	3,496
Fund Balance, beginning of year	5,786	212	438	7,327	23,459	37,222
Fund Balance, end of year	<u>\$ 9,174</u>	<u>\$ 477</u>	<u>\$ 498</u>	<u>\$ 6,252</u>	<u>\$ 24,317</u>	<u>\$ 40,718</u>

See accompanying notes to financial statements.



**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
Raymond B. LaMarche, CPA, Principal  
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Members of the Township Board  
Township of Bark River

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bark River, Michigan, as of and for the year ended March 31, 2007, which collectively comprise the Township of Bark River, Michigan's basic financial statements and have issued our report thereon dated July 20, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Bark River, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Bark River, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Bark River, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Bark River, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Bark River, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the Township of Bark River, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Bark River, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bark River, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Township of Bark River, Michigan, in a separate letter dated July 20, 2007.

This report is intended solely for the information and use of management, the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC  
Certified Public Accountants

July 20, 2007

**TOWNSHIP OF BARK RIVER, MICHIGAN**

**REPORT TO MANAGEMENT**

**Year Ended March 31, 2007**





**ANDERSON, TACKMAN & COMPANY, PLC**

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal  
Alan M. Stotz, CPA, Principal  
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Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA

## REPORT TO MANAGEMENT

Members of the Board of Trustee's  
Township of Bark River, Michigan

We have audited the financial statements of the Township of Bark River, Michigan for the year ended March 31, 2007, and have issued our reports thereon dated July 20, 2007. Our professional standards require that we make several communications to you, the purpose of which is to assist you with additional information regarding the scope and results of the audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Township of Bark River, Michigan. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our auditing procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Township of Bark River's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

### Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Township of Bark River, Michigan are described in Note A of the financial statements.

We noted no transactions entered into by the Township of Bark River, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

#### Management Judgments and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the estimates. The most sensitive estimates affecting the financial statements were the useful lives of property and equipment for the purpose of calculating depreciation.

#### Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Our audit adjustments, individually and in the aggregate, do not have a significant effect on the financial reporting process.

#### Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements of the Township of Bark River, Michigan or a determination of the type auditor's opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us as to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Bark River's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Members of the Board of Commissioners  
Township of Bark River, Michigan

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in the performance of our audit.

In planning and performing our audit of the financial statements of the Township of Bark River, Michigan, for the year ended March 31, 2007, we considered the Township of Bark River, Michigan's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated July 20, 2007, on the financial statements of the Township of Bark River, Michigan.

We have already discussed many of these comments and suggestions with various Township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of members of the Township Board, management of Bark River Township and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company P.L.C.*

Anderson, Tackman & Company, PLC  
Certified Public Accountants

July 20, 2007

# TOWNSHIP OF BARK RIVER, MICHIGAN

## **COMMENTS AND RECOMMENDATIONS**

March 31, 2007

### **Budget Non-Compliance**

#### **Comment:**

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for the General Fund and Special Revenue Funds as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. Expenditures were in excess of appropriations in the following funds:

	<u>Total Appropriation</u>	<u>Expenditures</u>	<u>Budget Variance</u>
Chip-In Casino Fund	\$ -	\$ 51,207	\$ (51,207)
Fire Hall Tax Fund	30,000	34,439	(4,439)

#### **Recommendation:**

We recommend that budgets be amended as necessary to prevent expenditures from exceeding appropriations.

### **Bank Reconciliations**

#### **Comment:**

We noted bank reconciliations were not completed at year end.

#### **Recommendation:**

We recommend that all cash accounts be reconciled to the general ledger on a monthly basis in order to strengthen internal controls over cash.

### **Credit Card and Investment Policy**

#### **Comment:**

Per inquiry with Township personnel, the Township has not formally adopted a credit card and investment policy as required by the State of Michigan.

#### **Recommendation:**

A formal policy should be adopted by the Township Board for investment of Township funds and the use of Township credit cards.